GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:699
ANSWERED ON:25.02.2009
IMPACT OF AMERICAN INTERNATIONAL GROUP
Karunakaran Shri P.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has assessed the impact of the collapse of American International Group (AIG) on the Indian Insurance Sector; and

(b) If so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b): Insurance Regulatory and Development Authority (IRDA) has reported that they have assessed the impact of the American International Group (AIG) collapse on the Indian Insurance Sector. AIG has participation in 2 joint ventures in the Indian Insurance Sector viz. (a) Tata AIG Life Insurance Company Limited (TALICL); and (b) Tata AIG General Insurance Company Limited (TAGICL). Shareholding pattern of TALICL as on 31.12.2008 was as under:

(Rs. in crore)

Tata Sons Limited	1,057.83
AIG Co. Limited	371.67
Total	1,429.50

The solvency position of the company as on 31sl December, 2008 was 3.23 as against the minimum required ratio of 1.5 Shareholding pattern of TAGICL as on 31.12.2008 was as under;

(Rs. in crore)

Tata Sons Limited	222.00
AIG Co, Limited	78.00
Total	300.00

The solvency position of the company as on 31sl December, 2008 was 1.88 as against the minimum required ratio of 1.5

The performance of the two joint ventures between Tata Sons and AIG (74 : 26) has exceeded the projection made by the two entities at the time of registration in the year 2001. To meet the commitments of the growing operations the two shareholders have continued to provide financial support to the respective life and non-life ventures.

Further AIG Inc. announced on 23.09.2008 that it had signed a Definitive agreement with the Federal Reserve Bank of New York for a two year $85 billion revolving credit facility which addresses the liquidity issues and policyholders concerns. In view of the present comfortable solvency position and the assurance of continued availability of future capital contribution by the JV partner, IRDA has no immediate regulatory concerns.